

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Mainline Bancorp, Inc.

Point of Contact:	Timothy Bracken	RSSD: (For Bank Holding Companies)	2067959
UST Sequence Number:	1366	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,500,000	FDIC Certificate Number: (For Depository Institutions)	16171
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 29, 2009	City:	Ebensburg
Date Repaid ¹ :	N/A	State:	Pennsylvania

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

We have been shrinking our bank to maximize capital ratios. Without the CPP funds, we would have had to reduce the size of our Bank even more to maintain adequate capital levels. This would have undoubtedly limited new loan growth.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The CPP funds primarily supported lending to small businesses as well as home equity and automobile loans.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

Initially, the CPP funds were used to pay down short term borrowings, but are being used over time to fund loan growth.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

By initially using the CPP funds to paydown borrowings, our total asset size did not increase, thus the increase in our capital ratios was maximized upon receipt of the CPP funds.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We did not have to reduce asset size, or shrink our balance sheet, which allowed us to continue to actively seek new loan customers. We also did not have to attempt to raise new private capital, which would have been difficult, expensive and dilutive to shareholders given recent market conditions.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Because of the CPP funds, we were able to continue to aggressively seek new lending opportunities from creditworthy borrowers.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.